

## Minutes of Annual General Meeting – 17 November 2017

Venue: Springlake Function Centre, Brisbane, Queensland

### (AGM578) **OPENING / QUORUM**

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The Chairman opened the meeting at 11.00am and welcomed those present:

**Directors:** Trevor Morgan (Chairman), Phillip McHugh (Deputy Chairman), Simon Tregoning, Robert Newey, Julie Pascoe, Brian O'Donnell, Ben McKee; and Company Secretary: Annette Zbasnik.

**Staff by Invitation:** Dirk Kemp (GM - Finance), Peter McDonald (International Sales Director), Stephen Covey (Honey Supply Manager), Bill Winner (Beekeeper Relations Officer), Lynne De-Roule (Beekeeper Customer Service Officer).

**Auditor:** Junaide Latif (William Buck).

**Shareholders:** 28 members & partners, as per attendance register

### (AGM579) **DECLARATION OF POLL**

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The Chairman referred to the explanatory note accompanying the proxy forms forwarded to shareholders and declared that voting on all resolutions would be by poll.

### (AGM580) **NOTICE OF MEETING**

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The Chairman declared that the Notice of Meeting had been dispatched to all shareholders and was taken as read.

### (AGM581) **FINANCIAL & STATUTORY REPORTS**

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The Chairman then moved to the Directors' Report, Financial Statements and the Report of the Auditor for the year ended 30 June 2017.

Following is an extract of his Report tabled to the meeting:

*Capilano has just completed a year of consolidation, with solid results highlighted by the introduction of exciting new products and the operation of two primary production Joint Ventures for their first full year.*

#### **Results**

*The net profit after tax of \$10.3m for this financial year is a good result giving a 9% improvement over the previous year.*

*Based on these results for the year a fully franked dividend of 40 cents per share was declared in June and paid to shareholders on 31 July 2017.*

#### **New Product**

*An exciting new product, clinically tested prebiotic honey, we have called **Beeotic®** was introduced in September, creating an opportunity to further enhance the reputation of honey as a healthy and beneficial product to consumers.*

*This clinically tested product with Therapeutic Goods Administration (TGA) listing and associated production upgrades is produced in our own facilities, which can only further enhance the reputation of Capilano as a reliable and dependable producer of quality products.*

*This creates an opportunity to improve the returns to both the producers and Capilano for some of our amazing Australian honey.*

#### **Primary Production Joint Ventures**

*Our two primary production joint ventures have now completed a full year of operation and while the focus has been on expanding the hive numbers to allow them to fully utilise the resources they have access to, they have also produced a reasonable crop of honey. Most pleasingly, they have been able to match and in some cases exceed the production of other similar businesses that operate in the same geographic regions in a below average season.*

#### **Board of Directors**

*During the year, the board was expanded to include two new directors.*

*Julie Pascoe was appointed in October 2016 and subsequently elected at the AGM last November and Brian O'Donnell was appointed in December 2016.*

*Both these new directors bring extensive skills and experience to the board, further enhancing the already wide-ranging skills of other directors already on the board.*

*It has been a pleasure to work with all the members of the board who represent a very formidable, effective and productive team.*

*I would also like to thank all the staff and the management team for their efforts during the year to achieve the best result possible for all shareholders and stakeholders involved in the company.*

### **Looking Forward**

*We will all be focused on implementing strategies to maximise the returns from the current business with a focus on marketing into areas that provide the best margin to allow Capilano to grow and honey producers to prosper.*

*Honey production has improved this season and with reasonable prospects for next season in most regions we hope to be able to take advantage of this additional honey to further expand sales into profitable overseas opportunities.*

*We have also resolved to provide Management with some additional resources to enable more detailed and extensive development of business opportunities.*

The Chairman invited shareholders to raise any issues they would like discussed from the CZZ Annual Report and any questions to the Auditor, noting that these questions are only to relate to the conduct of the Audit or the Audit Report.

There being no questions or comments from shareholders the Chairman moved to the next item of business.

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#### **(AGM582) RESOLUTION 1: RE-ELECTION OF INDEPENDENT DIRECTOR – MR SIMON TREGONING**

The Chairman then moved that Resolution 1 as follows, and as set out in the Notice of Meeting and Explanatory Memorandum, be passed as an ordinary resolution – that Mr Simon Tregoning who retires in accordance with the Company's Constitution, and being eligible for re-election, be re-elected as an Independent Director of the Company.

The Chairman then opened the motion for discussion.

There being no questions or comments from shareholders the Chairman asked shareholders to vote on Resolution 1.

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#### **(AGM583) RESOLUTION 2: ELECTION OF NON-EXECUTIVE DIRECTOR – MR BRIAN O'DONNELL**

The Chairman moved that Resolution 2 as follows, and as set out in the Notice of Meeting and Explanatory Memorandum, be passed as an ordinary resolution – that Mr Brian O'Donnell who stands for election in accordance with the Company's Constitution and ASX Listing Rules, and being eligible, be elected as a Non-Executive Director of the Company.

The Chairman then opened the motion for discussion.

There being no questions or comments from shareholders the Chairman asked shareholders to vote on Resolution 2.

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#### **(AGM584) RESOLUTION 3: REMUNERATION REPORT**

The Chairman moved that Resolution 3, as follows, and as set out in the Notice of Meeting, be passed as an ordinary resolution – that the Remuneration Report, included in the Report of Directors in the Company's Annual Report for the financial year ended 30 June 2017, be adopted.

This resolution of Shareholders is advisory only and does not bind either the Directors or the Company, though provides an opportunity for shareholders to indicate their support or opposition to the Board's Remuneration Policy.

The Chairman then opened the motion for discussion.

There being no questions or comments from shareholders the Chairman asked shareholders to vote on Resolution 3.

Directors and other key management personnel and closely related parties will abstain from voting on this resolution in accordance with the Corporations Act 2001. Exceptions may apply to votes cast as a proxy, as detailed in the Notice of Meeting.

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#### **(AGM585) RESOLUTION 4 – APPROVAL OF ISSUE OF 30,000 OPTIONS TO THE MANAGING DIRECTOR**

The Chairman moved that Resolution 4 as follows, and as set out in the Notice of Meeting and Explanatory Memorandum, be passed as an ordinary resolution - that for the purpose of ASX Listing Rule 10.14 and for all other purposes, shareholders approve the grant to Dr Ben McKee, the Company's Managing Director, of 30,000 options together with the issue of 30,000 fully paid ordinary shares upon exercise of any such options for the financial year ending 30 June 2018, under the Company's Long Term Incentive Plan and on the terms and conditions described in the Explanatory Memorandum.

The Chairman then opened the motion for discussion.

There being no questions or comments from shareholders the Chairman asked shareholders to vote on Resolution 4.

The Company will disregard any votes cast on this Resolution by Ben McKee or any of his associates as detailed in the Explanatory Memorandum's voting exclusion statement for this resolution.

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#### **(AGM586) ADJOURNMENT / RESUMPTION**

The Chairman formally adjourned the meeting at 11.15am for the counting of votes and reconvened the meeting at 11.40am.

**(AGM587) RESULTS OF POLL**

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At the invitation of the Chairman, the Secretary reported the results of the polls as follows:

	<b>FOR</b>	<b>%</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
1. Re-elect Independent Director - Simon Tregoning	3,076,601	99.63	11,570	1,900

The Company Secretary then formally declared the motion had passed and Mr Simon Tregoning elected as an Independent Director.

	<b>FOR</b>	<b>%</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
2. Elect Non-Executive Director - Brian O'Donnell	3,068,819	99.68	9,999	11,253

The Company Secretary then formally declared the motion had passed and Mr Brian O'Donnell elected as a Non-Executive Director.

	<b>FOR</b>	<b>%</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
3. Adopt Remuneration Report	2,854,122	98.06	56,458	23,876

The Company Secretary then formally declared the motion had passed.

	<b>FOR</b>	<b>%</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
4. Approve issue of Options to Capilano Managing Director	2,853,795	97.92%	60,618	20,043

The Company Secretary then formally declared the motion had passed.

The Chairman thanked shareholders for their outstanding support for all the resolutions and congratulated Mr Tregoning on his re-election and Mr O'Donnell on his election to the Board.

**(AGM588) CLOSURE**

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There being no other business relating to the Annual General Meeting, the Chairman thanked shareholders for their attendance and attention to business and closed the meeting at 11.45am.